

Borrowings from Southern will have maturities not to exceed ten years and will accrue interest at a rate equal to the average effective interest cost of Southern's outstanding obligations for borrowed money on the first day of each month, or if no obligations are outstanding at the time, at a rate equal to the weekly average of the thirty-day certificate of deposit rate (secondary market) as reported in the Federal Reserve statistical release H.15 (519) for the next to the last complete business week of the preceding calendar month. However, this rate will not exceed the prime rate in effect at a nationally recognized bank to be designated by Southern. Loans obtained from lenders other than Southern will have maturities not to exceed ten years and will accrue interest at a rate not to exceed the prime rate plus 2% for variable rate loans and the prime rate at the time of borrowing plus 3% for fixed rate loans. Such loans may be secured or unsecured and may be guaranteed by Southern.

Southern proposes through March 31, 1998, to make up to \$5 million in open account advances to Southern Nuclear from time to time, which, at the option of Southern, may be converted into capital contributions or additional shares of common stock of Southern Nuclear. To the extent any such advances are converted to equity, the borrowing authority sought herein shall be reduced by the amount of the advances so converted, so that the total capitalization of Southern Nuclear does not exceed \$11.6 million (including its present common equity of \$1.6 million). The rate of return on Southern Nuclear's common equity capital will not exceed the average of the most recent rates of return allowed by the Alabama Public Service Commission and the Georgia Public Service Commission.

Southern Nuclear states that the funds will be used by Southern Nuclear in connection with its working capital needs, including the purchase of equipment and office furniture, leasehold improvements and loans to employees for purposes such as residential energy programs, purchases of computers and employee transfer expenses.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-35394; File No. SR-CHX-95-03]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to Proposed Rule Change by Chicago Stock Exchange, Incorporated Relating to Reporting and Disclosure Requirements

February 17, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on February 8, 1995, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change, and on February 16, 1995, filed Amendment No. 1 to the proposed rule change,¹ as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The CHX, pursuant to Rule 19b-4 of the Securities Exchange Act of 1934 ("Act"), proposes to (1) amend Article VI, Rule 5 and add an interpretation thereto to require that members and member organizations maintain *written* procedures to ensure compliance with the securities laws (and SEC regulations promulgated thereunder) and the Rules of Exchange; (2) amend Article XI Rule 4 to provide the Exchange with the authority to require that a member or member organization have an accounting firm audit its books and to clarify that all members and member organizations are required to comply with the disclosure requirements of Rule 17a-5; and (3) add Article XI, Rule 9 to require that floor brokers who do not clear their own trades procure a letter of guarantee prior to trading.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text

¹ Amendment No. 1 made non-substantive, clarifying changes to the proposal. See Letter from Jay O. Wright, Esq., Foley & Lardner, to Elisa Metzger, Senior Counsel, SEC, dated February 14, 1995.

of these statements may be examined at the place specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The CHX has two purposes for amending Article VI, Rule 5 to require that members and member organizations maintain written supervisory procedures: (1) Requiring written procedures allows the CHX to more easily verify the *existence* of procedures; and (2) such a requirement facilitates the CHX's verification of the *content* of the procedures. The visibility of such written procedures will remind members and member organizations of their obligations to comply with the securities laws, SEC rules, and the Exchange's rules, thus enhancing compliance.

The CHX's purpose for adding Article XI, Rule 4(c) thereto is to clarify that all CHX members and member organizations are required to file monthly and quarterly Focus Reports with the CHX in accordance with SEC Rule 17a-5 unless the member or member organization is exempt.

The CHX's purpose for adding Article XI, Rule 9 is to enhance the safety and soundness of the clearing system by ensuring that Floor Brokers have sufficient financial resources to stand behind their trades. As a result, fewer disruptions due to the financial distress of a floor broker are likely to occur. The reliability of the clearing system is thus augmented.

2. Statutory Basis

The proposed rule changes are consistent with Sections 6(b)(1) and 6(b)(5) of the Act in that the proposed rule changes will aid the Exchange in enforcing compliance by its members and member organizations with the securities laws and the Exchange's rules as well as aiding in preventing fraudulent or manipulative acts in the clearing of trades.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the Federal Register or within such other period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-95-03 and should be submitted by March 20, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35397; File No. SR-CBOE-95-05]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Changes by the Chicago Board Options Exchange, Incorporated, Related to Certain Procedures Regarding Trading Halts, Trading Suspensions, the Reopening of Trading After a Trading Halt or Suspension, and the Shut Down of RAES

February 21, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on January 18, 1995, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes as described in Items I, II and III below, which Items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Changes

The CBOE proposes to amend its rules and Regulatory Circulars RG94-17 and RG93-58 (formerly RG92-40) to conform to existing practice regarding (1) the factors the Exchange considers in deciding whether to halt or suspend trading and (2) the circumstances under which trading is generally halted or suspended by the Exchange. The CBOE also proposes to establish procedures for the resumption of trading after a halt or suspension is lifted, and to grant the Control Room the authority to turn off the Retail Automatic Execution System ("RAES") with respect to a stock option if the Control Room receives a credible indication that trading in the underlying stock has been halted.

The text of the proposed rule changes is available at the Office of the Secretary, CBOE and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In its filing with the Commission, CBOE included statements concerning the purpose of and the basis for the proposed rule changes and discussed any comments it received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. The CBOE has prepared summaries set forth in Sections (A), (B) and (C) below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

The purpose of the proposed rule changes is to conform the rules to existing practice both regarding the factors considered in a decision to halt or suspend trading and regarding the circumstances under which trading generally will be halted or suspended, to establish procedures for the resumption of trading after a halt or suspension is lifted, and to grant the Control Room the authority to turn off RAES if the Control Room receives a credible indication that trading has stopped in the underlying stock.

Status of Rotation as Factor Considered in Halt or Suspension

Specifically, the proposal would amend Rules 6.3(a), 6.4(a) and 24.7(a) to include the status of the trading rotation¹ as a factor that may be considered in a decision whether to halt or suspend trading. Although it is not presently explicit in the rules, it is current practice to consider the rotation status in deciding whether to halt or suspend trading. For example, if the rotation is near completion, Floor Officials or the Exchange may decide it is in the interest of a fair and orderly market to complete the rotation before calling a halt or suspension in trading. The proposed amendment to the rules would notify members and the public that, when deciding whether to halt trading, Floor Officials may consider the extent to which the rotation has been completed and other factors regarding the status of the rotation. When deciding whether to suspend trading, the Board of Directors similarly would be able to consider the extent to which the rotation is completed or other factors regarding the status of the rotation.

Regulatory Halt

The proposal would add Interpretation .04 to Rule 6.3 and Interpretation .01 to Rule 6.4 to state the current practice that, in general, trading in a stock option will be halted when a regulatory halt in the underlying stock has occurred in the primary market for that stock. Any two Floor Officials may halt trading in any security in the interests of a fair and orderly market for a period not in excess of two consecutive business days.

¹ A "trading rotation" is a series of very brief time periods during each of which bids, offers, and transactions in only a single, specified option contract can be made. See CBOE Rule 6.2.